



THE PERFECT ORIGINAL

Winter 2009

EDI – A Necessity for Doing Business Today

You've just landed a contract with Walmart and have been informed that you will need to transmit and receive Electronic Data Interchange (EDI) documents in order to do business with them. If you are a DCL customer — no problem.

DCL is already EDI compliant with Walmart, Office Max, Nordstrom, Target, Ingram, and Navarre along with many others; and we will be ready to take and ship EDI orders as soon as you receive your first purchase order. If you are not a DCL customer, the IT challenge of integrating EDI documents with the retailer and administering the entire order-fulfillment process can be a very complicated and time-consuming task.

Automatic Integration

DCL takes the mystery and the overhead out of EDI by providing an integrated solution between required trading partner EDI documents, the DCL shipping and inventory system and you, the customer. The many details of setup, testing and monitoring required for a successful EDI link are all handled by DCL.

“DCL is a third party that helps us to facilitate services. We are happy to have them on board.”

Leann Chang,
XFX, Logistics Manager

Support of all the standard EDI documents is provided including: 810 Invoice, 850 Purchase Order, 855 PO Acknowledgement, 856 Advance Ship Notice, 862 Product Activity Data, and 997 Functional Acknowledgement.

A very simplified diagram of the information flow is shown below.

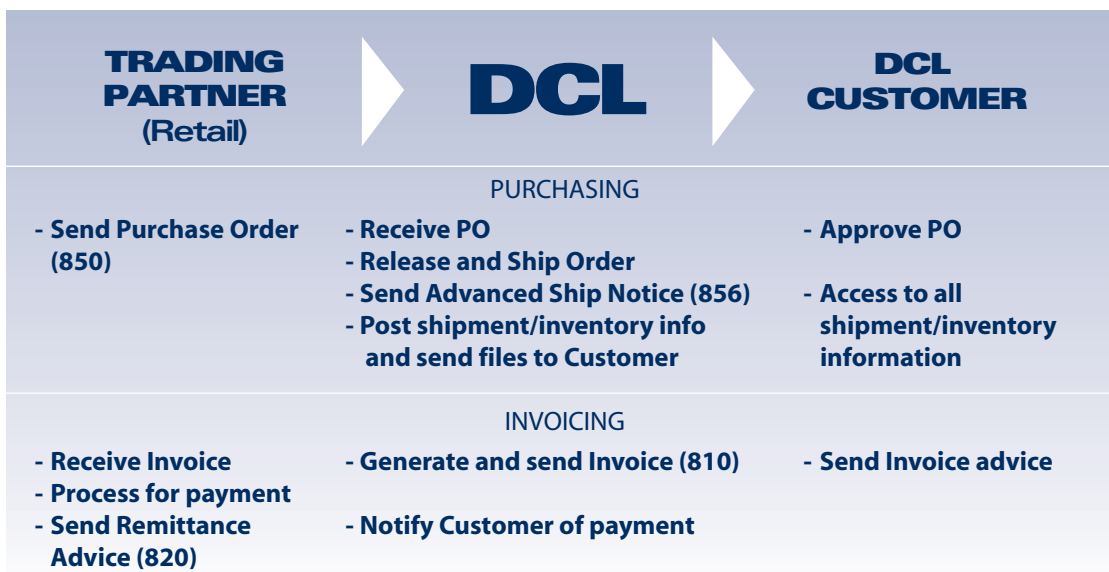
Compliance with Routing Guides

In addition to support of the EDI documents required by the trading partner, DCL also provides support for the associated routing guides.

Routing guides of trading partners contain exact information on labeling, required shipping documents, pallet specifications and business rules which must be followed for proper shipment of product. DCL electronically stores and checks all routing requirements on each order ensuring vendor compliance.

EDI is not only here to stay; it has become essential to doing business in today's retail market.

As your partner, DCL is here to help by taking care of these business requirements and allowing you to focus on running your business.



Looking Back – Looking Forward with David Tu



David Tu is an original founder of DCL. He is President as well as the Chief Operating Officer of the Company.

Can you give us a high level recap of how 2008 was for DCL?

Obviously, 2008 was a tough year for everyone including DCL, especially in the fourth quarter. Consumer demand continues to be soft and this is reflected with the majority of our customers. With the current state of the economy, we expect 2009 to get worse before it gets better. That being said, we have a handful of customers that are bucking the trend and doing quite well, growing actually, but the majority of our customer's volumes appear to be down.

We've continued to diversify our customer base into the medical arena and some niche consumer goods areas such as apparel. We have to be careful because we still want to be focused at the crossroads of assembly and fulfillment, where we can continue to add more value.

You sound pessimistic about DCL's prospects for 2009. What are some things to look forward to for DCL in 2009?

I'm not pessimistic at all. It's reality. This is the third economic downturn that I've experienced here and we've come out of all of them fine and this time will be no different. Since our philosophy is one of conservative fiscal growth and low risk, we're geared to weather these types of

storms, bunker down and actually come out ahead.

There are programs that we are focused on internally for 2009 that will only be a benefit to our customers: continued cost control without price increases, distribution process improvements to move towards a more paperless environment, and emphasis on green initiatives.

Green initiatives appear to be important to DCL. Can you give us more specifics about your program?

Well, I think everyone knows that we are probably the only logistics company to have solar panels installed at our facilities. We just finished the second part of our installation. Quite honestly, we embarked on this project with the primary goal being cost savings but we've really had a warm reception for this endeavor from our customers and the overall community in general. For 2009, we have implemented an overall green program to reduce our overall waste and water reduction as well as sustainability solutions for consumer print and packaging materials. Our customers are becoming more conscious on eco-friendly solutions and the costs of green packaging are now becoming more viable, so we are starting to see more movement in this area now. It's only going to continue to be a point of emphasis in 2009.

Is now an inopportune time for companies to consider outsourcing?

Actually, the opposite; right now is the best time for companies to consider outsourcing. There is so much uncertainty in the market and companies may be burdened with fixed costs and lower than expected volume fulfilled. It's at times like now where it makes sense for companies to look at a variable cost model. I know in speaking to Dave (Director of Business Development), his team is as busy as ever responding to proposals especially with companies evaluating the outsourcing model.

Reasons to Outsource Fulfillment

Picking, packing, and shipping are areas that can make or break a business. Without an efficient product picking system, you risk improper deliveries and high return rates. Spend too much on packing material, and your profits could evaporate. Charge too much for shipping and your customers will go elsewhere. Outsourcing these functions to DCL relieves you from these worries, saves you money, and helps you provide better service to your customer. Some important reasons to outsource distribution and fulfillment are:

Overhead costs:

Running a business takes a lot of money. A dedicated warehousing system requires capital expenditures for things like picking systems, bar code readers, and costly warehousing space. With DCL, these capital expenditures are no longer necessary, and you can put that money to use where it's needed. Divert your focus to marketing, promoting and expanding your business and have full confidence that your products are being optimally distributed to your customers.

Bulk discounts:

It's easy to underestimate the amount of money a business can spend just on packaging and shipping. To get the best rates on your own, you'd have to have a warehouse full of packing materials—but with DCL, regardless of how much or how little you ship, you can take advantage of our volume packaging and shipping discounts we have in place with suppliers and carriers.

Streamlined, consistent service:

We have a proven fulfillment and shipping procedures in place, highly efficient and trained staff, and 26 years of experience in the business. As a result, your customers get dependable service they can rely on. Customer service is one of the most important differentiators that you can use to set yourself apart from the rest—and this is what will drive customers back time and time again.



DCL's Environmental Mission

DCL is a company where environmental responsibilities are integral to its culture. Our mission is to fully integrate environmental considerations into how we operate and use materials in our services.

DCL is committed to be a "Green" company. DCL has been working on a number of environmentally responsible initiatives targeted to minimize our carbon footprint and achieve our environmental mission:

- **Minimize Carbon Footprint**
 - Solar – The 2nd phase of our solar system installation at our Milmont facility was completed this past summer. The facility is now close to 100% energy independent.
 - Reduce usage – Lighting in our facilities has been replaced with energy efficient light fixtures that have motion sensors which eliminate wasted energy.
- **Waste reduction and recycling**
 - Total papers recycle – Paper recycling bins have been placed throughout the facilities. Office areas keep one sided paper for misc. note taking.
 - Corrugated cardboard is collected and recycled.
- **Water Reduction**
 - Reduce usage.
 - Install drip sprinkler within our properties.
- **Sustainability**
 - Post consumer material – These are end products that

have completed their life cycle as a consumer item and would otherwise have been disposed of.

- Eco friendly print solutions – More than ever, our customers are depending on us to explore and buy environmentally friendly print and packaging from our suppliers.
- Non plastic fillers – Replace plastic air fillers with recyclable plastic and paper.

"DCL is making these efforts not because it is a nice thing to do but because it saves money, makes us more efficient and improves the quality of the whole organization. I believe sustainability is the next big thing and will change how we do business in the future," says David Tu, President.

Norman Tu, Chairman and CEO says, "Not only are the Tu families committed to going "Green" at work, we are also committed at home. David and Dave both drive a Prius and I just installed a solar panel system at my home. The system will reduce greenhouse gas emissions by 8,940 lbs per year that will yield the same environmental benefit as planting 3.0 acres of trees. David and I want to set an example for the entire DCL organization and we are encouraging all of our employees to actively engage in these and future efforts to show the community that we are environmentally responsible."

Purely variable expenses

Why invest in building leases, full-time employees, security systems and other fixed expenses. With DCL, you can keep costs to an absolute minimum and increase them as you increase your bottom line.

Space constraints:

You've outgrown your current area and need a practical solution without any transitional 'hiccups'. Rest assured, DCL can make that transition seamless, with virtually no interruption of service.

Online shipping and handling costs:

Online consumers compare prices online, including shipping and handling charges

and because our fees represent volume discounts, you can pass these saving onto your customers.

Labor costs:

In many cases, personnel costs are the highest expense for many businesses. Salaries, benefits, insurance, regulatory compliance, health and safety, and auxiliary support costs can be overwhelmingly constraining on a company. Outsourcing to DCL will free you from all such burdens!

Increased profit margin:

Good margins are essential for the well-being of your business. By reducing costs in multiple areas, your operating margin increases significantly.

"I appreciate the excellent quality DCL provides when they build our product."

Mike Addante,
Avanquest USA,
Executive Vice President
of Operations



All of us at DCL would like to express our sincere appreciation and best wishes for a happy and healthy New Year to our customers, our many business associates and vendors, and our friends throughout the industry and the world. As we all know, 2008 was an especially tough business year. We have been in this business for 26 years and we are well positioned to continue to weather the economic challenges during 2009. All of us want to express a very special thanks to you for your confidence in us throughout the year. DCL pledges to do what it takes to keep earning your business and appreciation throughout 2009.

Chairman/CEO Norman Tu

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About DCL:
 DCL, www.dclcorp.com, is a leading provider of outsourced production and fulfillment services for technology industries. Its customers include electronics, software and healthcare companies. DCLs business-to-business services include order processing, project management, packaging and assembly, fulfillment and distribution, inventory management and warehousing and returns management. DCL is ISO 9001-2000 certified, EDI, RFID and MRP/ERP enabled for on-line, 24/7 visibility to production, inventory and shipping information.

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